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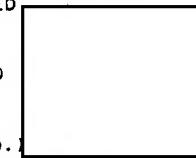
INFORMATION REPORT

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COUNTRY Bulgaria

SUBJECT Notes on the Bulgarian Economy: Soviet Companies/
List of State-Controlled Enterprises/Shortage of
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Soviet Companies

2. "Today, Soviet companies have primary influence in Bulgaria's economic life. The largest, best-known Soviet companies in Bulgaria are:

(a) The SOVBULSTROY company, a mixed Soviet-Bulgarian construction enterprise, created from the merger of two former German construction enterprises. The Bulgarian share in this enterprise consists of the 'machine-park', bought from the Soviets. This company is not under State control. It works exclusively on Soviet orders. It is engaged mainly in vital economic projects and from time to time in various military construction projects. Its director is a Soviet engineer. (fnu) Shevchenko.

(b) The Soviet-Bulgarian mining enterprise GORUBSO, the successor of two former private companies backed by German capital. One of these former companies, RODEPSKI METAL, was founded in 1926-27 for the exploitation of iron and copper ore in the Rodepe Mountains. The second company, EKZ, was established in 1942-43 during the German-Bulgarian corporation in World War II. This company mined iron and non-ferrous ores at various points throughout Bulgaria. Today GORUBSO is primarily engaged in the exploitation of zinc and lead in Rodepe. The GORUBSO headquarters are in Kardzhali on the Arda River. The area there, between the railway station and the town proper, is covered with new buildings, built by SOVBULSTROY. These are to serve as administrative buildings, warehousing and employees' housing for GORUBSO. The construction of treatment plants for non-ferrous metal ores is under way at Kardzhali.

(c) The Soviet-controlled civil aviation company, TABSO, is another enterprise financed from confiscated German assets in Bulgaria.

(d) The Soviet-Bulgarian insurance Company founded with the investments and property of former German insurance companies in Bulgaria. This company deals mainly with insurance matters connected with State export-import transactions.

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State-Controlled Enterprises

3. "During 1952 the Bulgarian Government introduced a new so-called 'self-financing policy' for industrial enterprises. This policy has not been too successful due to the lack of sufficient investment capital. Deflation also has hit the State enterprises. During the past few years high credits have had to be granted the nationalized metallurgical plant I MAI and the nationalized STALIN shipyards in Stalin (Varna)."
4. "Another Government policy has involved the reorganization of company structures. Before and during World War II a great number of 'horizontal' or 'mixed' enterprises were established, often with the backing of German state or private capital, or of French or Belgian capital, e.g. the Franco-Belgian copper mining companies, PIAXALNICA near Sveoge and MILA-PLAKALNICA near Elieseneo. The present policies of the Communist economists is to transform these 'horizontal' enterprises into 'vertical' State enterprises. For example, the Koravolag enterprise (Koraby Locomotovy Wagony) in Stalin was a huge enterprise which produced ships, steam engines and railroad cars before and during World War II. It has now been divided into three separate enterprises: a shipyard, a rail and car factory (linked now to another railroad car factory in Drenovo), and a metallurgical plant (the I MAI, which is consolidated with all the other metallurgical plants in Stalin, including the Cherni More plant). After such reorganization the 'cleared' enterprises are placed under the limited control of various government departments, e.g. the Ministry of Mining, the Department of Metallurgy."
5. "These 'cleared', State-controlled enterprises include:

I Foundries and Mines

- a) LENIN plant in Dimitrovo. The machines are of Soviet origin. The LENIN steel plant is the first enterprise of its type in Bulgaria. It is said to produce steel in bars, 'profile' iron and cast iron. In the vicinity of this plant there are pre-World War iron ore mines and the new copper mines.
- b) The STALIN Steel mill and metallurgical factory in Dimitrovo. This plant is one of the largest of its kind in Bulgaria. It produces all kinds of machinery. There is also a Martin furnace section.
- c) The RUDO ZEN non-ferrous metal plant, now under construction, will be under the control of the Soviet-Bulgarian enterprise GORUBSO.

II Metallurgical Industry

- a) The VAGRIJANKA machine factory in Pavlikene, in operation before World War II.
- b) The METALURGIA plant in Gorna Oryavitsa, a newly constructed plant, producing tools and metal products.
- c) The I MAI Metallurgical Enterprise, comprising all the metallurgical factories in Stalin (Varna). All former private and later nationalized plants in Stalin have been incorporated in this enterprise. One of the main member plants is a former section of the KARCIOWAG plant (See Part I).
- d) The G DIMITROV (former MUEHLHART) agricultural machinery plant in Ruse. This large pre-World War II plant has been renovated and enlarged in recent years.
- e) The Vasil KOLAROV car assembling and repair plant in Plevlen.
- f) The SLAVJANKA car assembling and repair plant in Sofia, which existed before World War II.

III Chemical Industry

- a) The STALIN chemical works in Dimitrovo, producing mainly nitrogen. This is a new enterprise with modern equipment, in operation about early 1952.
- b) The oxygen factory in Stalin (Varna), a new factory with modern Soviet equipment, producing high-grade oxygen.

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- c) The synthetic gasoline plant in Dimitrovo (former PERNIK) now under construction. The equipment has been supplied by the USSR, though it is rumored that it is machinery of German origin which was dismantled by the Soviets as war reparations. As all synthetic gasoline plants in East Germany (GDR) are in full operation, it is believed that the equipment comes from the former German plants located in the present Western Polish territories, probably from Dvory and Szczecin-Police, or possibly from Lower Silesia.
- d) The carbide factory in Asenovgrad. Has newly constructed.
- e) The rubber factory near Kazanluk. The main production is tires.

IV Electrical Plants

- a) The VASIL KOLAROV plant in Kazanluk, manufacturing electro-motors and various electrical machinery and apparatus. The quality of the output is poor due to bad casting work. Till recently (date not specified) the casting rejects alone amounted to 30%. The plant is headed by Director Nikola Sopov.
- b) The ANTON IVAHOV factory in Sofia, a newly constructed establishment manufacturing electrical apparatus and appliances.

V Stone, Glass and Ceramic Industry

- a) The VULKAN PORTLAND CEMENT plant in Dimitrograd. This old factory was modernized and enlarged in 1952. A new huge oven with a daily capacity of 350 tons of cement is coming.
- b) The LENTN factory for electro-porcelain, which was put into operation in 1952. An ultra-modern plant working with conveyor belt system.
- c) Glass factory in Dimitrovo, newly constructed.
- d) The newly constructed GEBEDGE glass factory near Stalir (Varna).
- e) The KITKA china factory in Kolarovgrad, which has a branch plant in Vidin. The Kitka plant is newly constructed. The Vidin branch existed before World War II, but has been modernized and enlarged.

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VI Textile Industry

- a) The GLORIA plant in Sofia, a pre-War II textile factory.
- b) The KABOR plant in Sofia, which consists of the former Ernst Thaelmann cotton spinning mill merged with a number of smaller textile factories in Sofia.
- c) The newly constructed MARITSA cotton spinning mill in Plovdiv.
- d) The S DIMITROV (former FORTUNA) mill in Sofia, one of the biggest and most modern cotton spinning mills in Bulgaria.
- e) The TURGEJA plant in Yambol, a pre-War II factory.
- f) The DOERUTZHA TEXTIL in Dobrich (former DEERICH), a newly constructed factory.
- g) The I MA - a newly constructed plant in Sofia.
- h) The pre-war plant BOTEV in Stalir (Varna).
- i) The S DIMITROV plant - a newly constructed factory in Mezdra.
- j) The SLIVEN textile concern, created from the merger of all textile plants in Sliven. On the basis of a trade agreement with USSR this concern produces cotton and bandages.
- k) The GAIROVO textile concern which manufactures textiles and fabrics for ladies' wear on Soviet orders.
- l) The CHERVENBRDG hemp and flax spinning and weaving factory near Sliven.

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VII Paper Mills

- a) The newly constructed ST KIRADGIEV cellulose factory in Pleven.
- b) The pre-World War II paper mills in Sofia, Plovdiv, Kuzayevc and Kocherinovo.

VIII Food Industry

- a) The S M KIROV, a food products combine, newly constructed in Pleven.
- b) The REPUBLIKA cooking oil factory in Paarchik (?).
- c) The newly constructed KOOPERATOR canned goods factory in Sofia.
- d) The canned food combine in Vidin, which is working exclusively on Soviet orders.

IX Miscellaneous Factories

- a) The match factory in Koetenets.
- b) The furniture combine and wood-working plant in Troyan, which has been organized from the merger of smaller plants and private workshops in that area. Some months ago this combine was renamed NINOS BELOYANIS, in honor of the man sentenced in Athens for Cominform activities.

X War Industry

Armament production plants are not numerous in Bulgaria, but considerable progress is being made in this field. All war production plants are under the sole and complete control of the Soviet authorities:

- a) The ammunition plant near Koprivnitsa.
- b) The pre-war branch of the Italian CAPRONI concern in Karanlik.
- c) The armament factory in Vasovgrad (former SOPOT).
- d) The airplane repair plant in Lovec.

Shortage of Raw Materials

6. The main problem which confronts the Communist authorities in Bulgaria is the supply of raw materials to the new industrial plants. Apart from lignite and some ferrous and non-ferrous ores, Bulgaria has always been short of raw materials. Under the Communist regime constant pressure is exerted to increase the exploitation of the country's natural resources. Prior to World War II the iron ore exploitation was concentrated in Bresnik, Pernik (now Dimitrovo), Burgas and Yambol. The percentage of pure iron was between 40-60%. With the help of German capital investments a number of geological surveys were made, particularly in the vicinity of Burgas. As a result of these surveys it was estimated that the total manganese ore production of Bulgaria was not higher than 10,000 tons per year. At the same time the total amount of iron ore was estimated (in 1939) to be around 300,000 tons annually. At present (late 1952) the biggest exploitation of iron ore is centralized around Dimitrovo.

7. Likewise, non-ferrous ores are rather scarce. Estimates from 1939 show the following probable amounts of ores:

Copper -	approximately 150,000 tons per year.
Lead & Zinc -	150,000 " " "
Manganese -	100,000 " " "

Before World War II and also during 1945-47 under the Communist administration, nearly all ferrous and non-ferrous ores were exported. After the end of the war they went mostly to the USSR and to East Germany. Copper, for instance, from the area of Samokov, was exported for further processing to the Manfeld copper ore combine 'Wilhelm Pieck'.

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8. "Since mid-1951 the export of Bulgarian copper ore has ceased. The total output is stockpiled to supply the newly constructed LENIN combine near Samokov. Copper ore is still mined in the same areas as before World War II, e.g. Rilane and Svege. The mines in these areas were re-acquired by the State from the Franco-Belgian company and thereafter exploited by a mixed German-Bulgarian enterprise.

9. "The Communist regime has been more successful in the exploitation of lead and zinc. Apart from the old mines in the Vratsa region, new mines were opened up in 1951 in the Arda valley of Southern Bulgaria. At the end of 1952 most of the output was still being exported, but it was said that it would be partly processed by the Lenin combine.

10. "Uranium ore is mined near Buhovo, in the western part of the Rhodope Mountains. These mines are under Soviet control.

11. "Bulgaria is short of non-metallic raw materials. The Communist regime exerts itself to discover new raw material sources. Under Soviet direction an extensive petroleum survey is being conducted around Stalin (Varna), particularly around Kavarna and in the lowlands of the Kamchia River. Such surveys were carried out in the same areas before and during World War II, but with minimum results.

12. "The direct consequence of the expansion of the textile industry has been more areas under cultivation for cotton production. Before World War II the domestic production of cotton covered, according to pre-war statistics, about 1/3 of the total 20,000 tons needed by the domestic industry. By 1948 the home production had been increased to about 15,000 tons. According to statements of Communist leaders the domestic cotton production should cover by 1953 the total needs of the textile industry. A newly built combine for spinning and weaving was operated in 1952 completely on domestic cotton.

13. "Thus, while the domestic textile, paper, wood and ceramics industries have sufficient raw material resources at their disposal, such combines as the Stalin, for iron and steel, and the Lenin for non-ferrous metals, still depend heavily on raw material imports. The price of imported iron ore, primarily from the USSR, causes both combines to work with deficits. The chief aim of present Bulgarian economic policy is to develop the domestic sources of raw materials. Another difficulty which confronts the Communist Government is the insufficient power supply for the new industrial enterprises. The existing power plants are unable to supply the growing industry with sufficient power. In autumn 1952 the government introduced measures to curb non-essential electricity consumption. These measures are still in effect. For example:

- a) The maximum electricity consumption per household cannot exceed 4 kw/hours monthly,
- b) Electrical appliances may only be used in Sofia, each household is allocated an additional 6 kw/h per month for such consumptions;
- c) Electric appliances may be used in Sofia only between 10 pm and 6 am.

Special measures have also been introduced to save electricity consumption in public institutions and industry:

- a) All enterprises depending entirely on electricity for their power supply are to be switched to a four-day work week.
- b) Exceptions to the above regulation can only be granted to plants engaged in essential production. Such plants are mainly those working on Soviet orders.
- c) Food manufacturing and processing industries, e.g. flour mills, received orders to work only during the night.

14. "A new power station, 'Republik', is now being built near Dimitrovo, another, 'Chervenkov', near Dimitrovgrad. The Kalina hydroelectric power station is under construction, near Lake Karagujul. Three large reservoirs are being constructed about 2000 meters above sea level. Their total capacity will be about 30 million cubic meters.

15. "In stressing the necessity of developing national industry in Bulgaria, the authorities do not hesitate to use plain lies in describing the situation before World War II. According to official figures the following was the percentage of foreign capital investment in the pre-war Bulgarian industry:

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Lead and zinc	100 %
Cement	91 %
Metal industry	48.3 %
Paper industry	63 %
Sugar and matches	85 %

The true figures, derived from pre World War II economic statistics, were:

Mining (all branches)	6.1 %
Metal industry	24.1 %
Paper industry	54.0 %
Sugar industry	32.0 %

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